

June 1990

DOD BUDGET

Comparison of Updated Five-Year Plan With President's Budget



141685

**National Security and
International Affairs Division**

B-238512

June 13, 1990

The Honorable Andy Ireland
House of Representatives

Dear Mr. Ireland:

This briefing report is in response to your March 21, 1990, request that we compare the Department of Defense's (DOD) January 29, 1990, updated Five Year Defense Program (FYDP) with the President's January 1990 topline defense budget submission estimates. You also requested that we explain any differences between the updated FYDP numbers and the budget reduction numbers reported in our February 1990 DOD budget status report¹ and determine the status of \$45 billion negative funding entries contained in the April 1989 FYDP.

The President's January 1990 budget submission shows topline budget reductions of \$167 billion from the April 1989 FYDP for fiscal years 1990-94. The reduction reflected a \$51.6 billion upward inflation adjustment to the April 1989 FDYP and a \$115.4 billion reduction in planned funding.

DOD did not submit a revised FYDP detailing where and how these reductions were to be made at the time of the January 1990 budget submission. DOD explained that rapid changes in the national security environment had made it difficult to make all the budget reduction decisions needed to produce a FYDP that was consistent with the budget.

In May 1990, DOD issued an Update of the Five-Year Defense Program Data Base for fiscal years 1990-94. This updated FYDP included the procurement and research, development, test, and evaluation annexes with summary budget activity tables and line item detail. This update was to reflect budget reduction decisions made as of January 29, 1990.

We compared the updated FYDP with the January 1990 budget submission by topline numbers and by appropriation accounts and found that:

(1) The updated FYDP and the President's January 1990 budget submission are consistent for fiscal years 1990 and 1991, after offsetting adjustments. However, the updated FYDP does not reflect \$93.1 billion of

¹DOD's Budget Status: Fiscal Years 1990-94 Budget Reduction Decisions Still Pending (GAO/NSIAD-90-125BR, Feb. 1990).

reduction decisions included in the President's January 1990 budget submission for fiscal years 1992-94.

(2) The updated FYDP still contains the so-called \$45 billion negative funding wedge. More accurately, this wedge consists of \$20.7 billion in planned but not yet taken programmatic reductions and \$23.3 billion in unanticipated requirements. The updated FYDP also includes a \$3.1 billion negative undistributed contingencies entry.

(3) A total of \$113.8 billion in programmatic reductions need to be reflected in the updated FYDP to bring it in line with the President's January 1990 budget submission for those years (\$93.1 billion plus \$20.7 billion in planned but not yet taken programmatic reductions). This is in addition to a \$23.3 billion unanticipated requirements entry which, according to DOD, does not contain funding for specific programs and should not be included. Appendix I contains a table showing program reductions needed by fiscal year. Appendix II contains a figure showing differences between the January 1990 budget submission, the adjusted April 1989 FYDP, and the updated 1990 FYDP.

(4) Of the \$113.8 billion of programmatic reductions not reflected in the updated FYDP for fiscal years 1992-94, \$75.3 billion are in the procurement accounts, \$20 billion are in the operation and maintenance accounts, and \$13.4 billion are in the research, development, test, and evaluation accounts.

Since January 1990, the Secretary of Defense has proposed further reductions for fiscal years 1991-94, including a \$16.8 billion reduction in aircraft programs. This proposal includes reductions of \$9.3 billion in the B-2 Stealth bomber program, \$4.1 billion in the C-17 aircraft program, \$1.5 billion in the Advanced Tactical Fighter program, \$1.7 billion in the Advanced Tactical Aircraft program, and \$0.2 billion in the A-12 aircraft program. If all \$16.8 billion in reductions were made, there would still be \$97 billion in reductions decisions needed to meet the President's January 1990 topline budget estimates (\$113.8 billion - \$16.8 billion).

Consistency in the FYDP submitted annually to the Congress with the numbers reported in the budget submission is required by section 114a, title 10 of the U.S. Code, as added by the National Defense Authorization Act for Fiscal Years 1990 and 1991 (P.L. 101-189, Nov. 29, 1989). This section also states that the numbers submitted in the FYDP are to reflect

the estimated expenditures and proposed appropriations included in the budget.

We performed our review in May 1990 in accordance with generally accepted government auditing standards. In comparing the January 1990 FYDP with the January 1990 budget submission and the April 1989 FYDP, we did not review line item details.

We are sending copies of this report to the Chairmen, House and Senate Committees on Appropriations and on Armed Services, House and Senate Budget Committees, the Senate Committee on Governmental Affairs, the House Committee on Government Operations, and the Secretary of Defense. Copies will also be made available to other interested parties upon request.

This report was prepared under the direction of Paul F. Math, Director, Research, Development, Acquisition, and Procurement Issues who may be reached on 275-8400 if you or your staff have any questions. Other major contributors are listed in appendix III.

Sincerely yours,



Frank C. Conahan
Assistant Comptroller General

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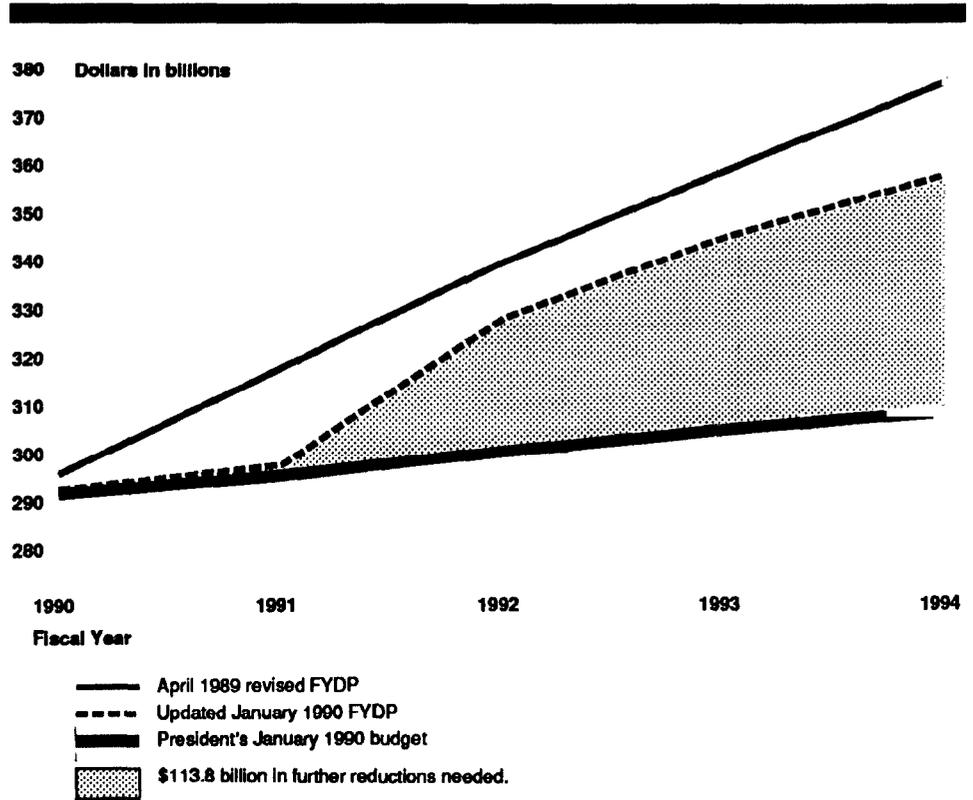
Abbreviations

DOD	Department of Defense
FYDP	Five-Year Defense Program

The Updated FYDP and the January 1990 Budget Submission by Topline Numbers

Dollars in billions						
	Fiscal Years					Total 1990-94
	1990	1991	1992	1993	1994	
Updated 1990 FYDP	\$292.3	\$297.3	\$320.9	\$337.2	\$350.1	\$1,597.8
January 1990 budget submission	291.4	295.1	300.0	304.4	308.0	1,498.9
Minus offsetting adjustments	-0.9	-2.2	-0.9	-0.9	-0.9	-5.8
Topline differences	0.0	0.0	20.0	31.9	41.2	93.1
Plus planned but not taken program reductions	0.0	0.0	+6.7	+7.0	+7.0	+20.7
Total program reduction decisions needed	\$0.0	\$0.0	\$26.7	\$38.9	\$48.2	\$113.8

Comparison of the January 1990 FYDP With the January 1990 Budget Submission



Note: April 1989 revised FYDP and updated January 1990 FYDP include \$20.7 billion in planned but not taken program reductions.

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